

APPENDIX F

GRADUATION INFORMATION

The Graduation review process is required by RD Instruction 1951-F for all loans except Guaranteed, Watershed, Resource Conservation and Development loan funds, and Intermediary Relending Program loans and Rural Economic Development Loans. This Appendix F supplements the instructions for CP screen CP16 and the BI screen BI61 and gives some examples.

- a. Initial Screening - Complete the Initial Screening Date. If, as a result of the Initial Screening, it is determined that the borrower is unable to graduate during this review period, the following elements are to be updated in addition to the Initial Screening Date: Graduation Disposition Date, and Graduation Disposition Code.
- b. Thorough Review - If, as a result of the Thorough Review, it is determined that the borrower is unable to graduate during this review period, the following elements are to be updated: Thorough Review Date, Graduation Disposition Date, and Graduation Disposition Code.
- c. Graduation Requested - If, as a result of the Thorough Review, the borrower is requested to graduate, the following elements are to be updated: Graduation Requested Date and Graduation Requested Amount.
- d. Graduation Disposition -

Code A - Graduation in process; enter the date that other credit is offered to the borrower to pay part, or all, of its Rural Development indebtedness.

Code B - Graduation Release; enter the date the borrower is released from further graduation review as a result of a financial determination.

Code C - Graduation Release; enter the date the borrower is released from further graduation review as a result of "other than" financial considerations. For example: legal complications, such as an inability to get a refunding issue through referendum.

Code X - Acceleration; enter the date of the acceleration notice.

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- e. **AMT REFINANCED AND AMT PAID OFF** - This section is to be completed whenever a loan is refinanced or paid off even if graduation was not requested. Each line has the date on the left and amount on the right.

AMT REFINANCED refers to the amount used toward the payoff of a loan which is obtained by BORROWING FROM ANOTHER LENDER.

AMT PAID OFF refers to NONBORROWED FUNDS, which may be accumulated funds, State grant funds, or any other funds used toward the payoff of a loan which are NOT borrowed from another lender.

EXAMPLES: AMOUNT CLOSED - \$700,000

UNPAID BALANCE - \$500,000

- I. \$500,000 paid on 6/1/87, with another lender providing the entire amount:

AMT REFINANCED 6/1/87 \$500,000

AMT PAID OFF (leave blank) (leave blank)

- II. \$500,000 paid on 6/1/87, with the entire amount coming from reserve funds accumulated by the borrower:

AMT REFINANCED (leave blank) (leave blank)

AMT PAID OFF 6/1/87 \$500,000

- III. \$500,000 paid on 6/1/87, with another lender providing \$400,000 and the borrower providing \$100,000 from accumulated funds:

AMT REFINANCED 6/1/87 \$400,000

AMT PAID OFF 6/1/87 \$100,000

- IV. \$200,000 paid on 6/15/87, representing State grant funds obtained by borrower.
\$300,000 was paid on 6/15/87, representing proceeds of a loan from another lender:

AMT REFINANCED 6/15/87 \$300,000

AMT PAID OFF 6/15/87 \$200,000

<p>NOTE: The Current Status code '491,' the status data and the status amount on the Graduation screen will be automatically generated on the Status and Tracking screen from the AMOUNT REFINANCED and DATE REFINANCED fields.</p>
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If borrower refinances a portion of the loan and also pays off its debt with its own funds, only the refinanced portion will be counted toward graduation.

If the borrower pays off the loan - other than refinancing - the user will need to change the current status code and date on the status tracking screen. This information will not be system generated to a '490' status code.